H. J. Heinz Company 1966 Annual Report

The Reason for Heinz

What, you may ask, are a mother and child doing on the cover of our Annual Report?

Shouldn't we show some of the growing line of Heinz quality products?

Or some of the choice raw materials, from farm, field and sea, that go into these products?

Or the research laboratories that help keep us at the forefront of the food processing industry?

Or one of our clean, modern and efficient factories?

Maybe.

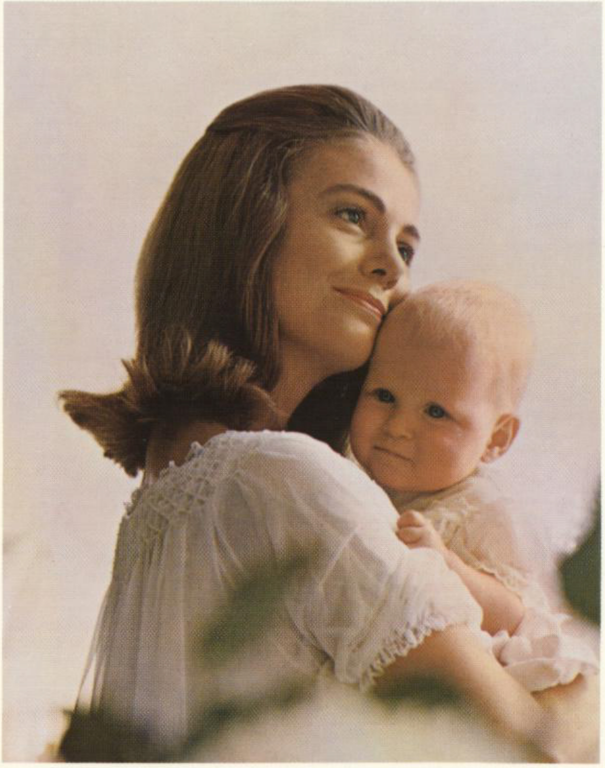
But none of these things has any real meaning without the people for whose benefit they exist – the consumer symbolized on our cover.

Every seed we plant – every building we erect – every specimen we put under our microscopes – every product we pack – finds its focus in the consumer, whose acceptance of the Heinz label determines the success of our actions.

This year's Annual Report, therefore, is dedicated to the mother and child shown on our cover – and to the millions like them all around the world.

How well we serve them will establish the course of all our tomorrows.

They are the reason for Heinz.



H. J. Heinz Company 1966 Annual Report

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Annual Meeting

The annual meeting of the shareholders of the company will be held at 2 p.m. on Friday, September 9, 1966, at the executive offices in Pittsburgh. Formal notice of the meeting and proxy material will be sent to shareholders about August 5.

H. J. HEINZ COMPANY • P.O. BOX 57 • PITTSBURGH, PENNSYLVANIA 15230

Financial Highlights

	Fiscal year ended	
	April 27, 1966 (52 weeks)	April 28, 1965 (52 weeks)
Net sales	$ 620,262,649	$ 556,267,082
Income before taxes	35,392,709	34,711,424
Net income for the year:	20,303,895	19,219,419
As percentage of net sales	3.3%	3.5%
Per share of common stock	3.29	3.10
As percentage of shareholders' equity	8.9%	8.9%
Dividends paid on preferred stock	1,361,980	1,229,020
Dividends paid on common stock	7,061,634(1)	6,072,868(2)
Per share of common stock	1.20	1.00
Shareholders' equity	227,332,591	216,440,598
Per share of common stock	37.80	35.69
Working capital at year end	144,000,393	144,790,042
Net income retained in business	11,880,281	11,917,531
Per share of common stock	2.09	2.10
Capital expenditures	25,548,937	25,461,198
Per share of common stock	4.48	4.47
Total taxes charged to income	23,049,297	23,660,315
Per share of common stock	4.04	4.16
Plant assets	181,737,671	172,638,788
Depreciation provision	12,946,828	10,520,826
Per share of common stock	2.27	1.85
Accumulated depreciation	102,979,020	92,410,127
Number of common shareholders at year end	10,658	8,156
Common shares outstanding at year end	5,698,869	5,692,110

(1) Includes $454,526 paid to former owners of Ore-Ida Foods, Inc.
(2) Includes $623,467 stock and $147,639 cash paid to former owners of Ore-Ida Foods, Inc.

To Our Shareholders

Fiscal 1966 was a year of broad, general advance for H. J. Heinz Company, affording a firm base for long-term growth. Details of major developments will be summarized here and explained more fully in the sections that follow.

The table on the opposite page shows an 11.5 per cent increase in consolidated net sales and a 5.6 per cent increase in consolidated net income over fiscal 1965. Figures for both sales and income reached new highs.

Dividends per common share totaled $1.20 for the year, compared with $1.00 for the preceding year. Common share dividends have been paid without interruption since 1911.

Particularly encouraging is the fact that 35 per cent of consolidated net income came from operations in the United States and its possessions, as against 22 per cent in fiscal 1965 and 15 per cent the year before.

Sales of Heinz products under distributor-controlled labels, initiated a year earlier, showed promising gains at planned profit levels.

Heinz-U.S. widened its traditional lead over competitors in ketchup. Sales and share of market reached the highest point in company history.

Continuing success in the $12-billion institutional food market – where Heinz sales have grown by almost 50 per cent in the past two years – has led to reorganization of the company's Institutional Food Sales Division and the formation of four new sales zones.

The acquisition of Ore-Ida Foods, Inc. in October, 1965 contributed to part of the over-all Heinz improvement in sales and put Heinz in the frozen food field in depth for the first time, making us the nation's largest supplier to grocers of processed frozen potato products and frozen corn on the cob.

Sales of Star-Kist Foods, Inc. ran ahead of the industry growth rate and set new records during the fiscal year. Profits were satisfactory but were affected somewhat by market instability brought about by a temporary rise in raw fish prices during the last few months of the fiscal year. Recently the market appears to have stabilized and sales volume is returning to more normal levels.

Now celebrating its first half-century of formal agricultural research, Heinz-U.S. maintained its leadership in that

Henry J. Heinz II, chairman of the board; R. Burt Gookin, president.

area. Faced with a worsening shortage of harvest labor, the company machine-picked 85 per cent of its California tomato crop, as against an industry average of 25-30 per cent. This year, Heinz will machine-harvest 100 per cent of its tomato crop in California and mechanical harvesting will be employed experimentally for the first time in Canada and the Midwest. Another research effort is directed toward a system for field processing of tomatoes, to reduce further the time between vine and package and assure even greater retention of flavor. Work is moving forward on high-yield strains of cucumbers that will be more adaptable to mechanical picking.

New two-year contracts were negotiated with production workers at nine United States factory locations in March, 1966. A three-year contract at another factory location runs through February, 1967.

Our capital investment program proceeded at its planned rate. Toward the end of the fiscal year, management announced support of President Johnson's request for cutbacks in plant and equipment expenditures.

The company acquired salting facilities at Lakeview, Michigan, near our Holland pickle center. The move permits consolidation of five operating points in that state, with improved efficiency and resulting economies.

All of our foreign companies scored sales advances during the year. As might be expected, however, some encountered conditions that adversely affected earnings. In spite of increased competition, most of the companies managed to hold or improve their market leads in various lines. The Canadian company's net profits were hard hit by two factors: the strike of production workers at the beginning of the harvest season and the nonrecurring expense involved in conversion of baby food from tin to glass.

The Heinz position in Great Britain remains strong as we continue to enjoy the largest share of market in all of our major product lines. The British company spent almost $5 million for modernization in fiscal 1966. Sales and net income achieved new highs.

The Australian company overcame severe competitive challenges to increase its profitability and retain market leadership in soup, baby foods, baked beans, spaghetti and canned salads. Other product lines improved their shares. With the factory at Dandenong operating almost at full capacity, the company is making major plans for capital expansion over the next two years.

Plasmon, our Italian company, established record sales and profits and made plans for additional production facilities. The company, with a solid reputation based on more than 60 years of operation, continues to hold its market lead in baby food sales.

The four companies mentioned above – Great Britain, Canada, Italy and Australia – are well established in their markets and show good-to-excellent prospects for growth.

In addition, signs point to growth in our newer and smaller international operations in Japan, Venezuela, Mexico, Portugal and the Netherlands, all of which are enjoying benefits of strong, expanding economies.

Shareholders at the 1965 annual meeting authorized an additional 1,900,000 shares of common stock and 250,000 shares of a new class of third cumulative preferred stock. Previously authorized common and preferred shares, along with a limited number of the newly-authorized common shares, were used for the Ore-Ida acquisition. Of the remainder of the new common, 100,000 shares have been reserved for a shareholder-approved company stock option program, the balance being held for possible future acquisitions.

The recent growth of H. J. Heinz Company domestic and international operations dictated a major realignment of top management in January, 1966. R. Burt Gookin became president, chief executive officer and chairman of the executive committee. Frank Armour, Jr., former president, was named to the newly-created post of vice chairman of the board. He remains a member of the executive and financial committees and will retain responsibility for direction of the company's acquisition program and further development of domestic affiliates. Norman E. Daniels, former senior vice president–administration, replaced Mr. Gookin as executive vice president–United States.

Taken as a whole, the results of fiscal 1966 were satisfying. Increased competition and other problems appeared either as short-term phenomena or as challenges capable of solution by aggressive action. Our acquisition program, instituted in 1958, has proved its worth in the sales and earnings reports of our recent affiliates. Our wide diversity of product and geographical location has given us strong and improved protection against the impact of unforeseeable developments in individual companies and product lines. Our dedication to research and quality control in processing and agriculture, along with our commitment to modern marketing and distribution methods, promises continued strength and growth as we look ahead to the 100th anniversary of H. J. Heinz Company in 1969.

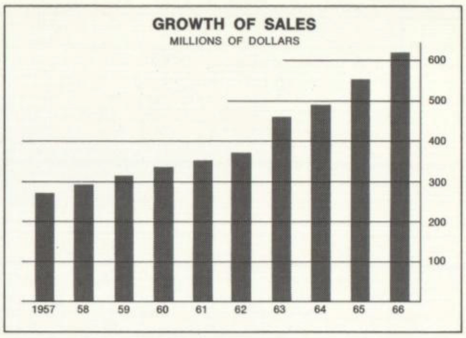
Henry J. Heinz II

Chairman of the Board

R. Burt Gookin

President

Financial Review



Fiscal 1966 was a good year for the company and resulted in record sales and earnings. For the first time in Heinz history, consolidated sales volume exceeded $600,000,000 and consolidated after-tax earnings were more than $20,000,000.

The consolidated financial statements include the accounts of the company and all significant domestic and foreign subsidiaries. In October, 1965, substantially all of the assets of Ore-Ida Foods, Inc. were acquired in exchange for Heinz securities. This has been treated for purposes of accounting as a pooling of interests and, accordingly, the consolidated financial statements include the Ore-Ida accounts for both fiscal 1965 and 1966.

Earnings

Consolidated after-tax earnings were $20,303,895, an increase of $1,084,476, or 5.6 per cent, over fiscal 1965. Net earnings equaled $3.29 per common share, after provision for preferred dividends, as compared with per share earnings of $3.10 for fiscal 1965. There was continuing improvement in fiscal 1966 in the profit contribution of the company's operations in the United States and possessions. Domestic earnings accounted for 35 per cent of the consolidated net in fiscal 1966, up substantially from the 22 per cent in the previous year, prior to Ore-Ida acquisition.

Sales

Consolidated net sales for the year ended April 27, 1966 were $620,262,649. This was an increase of $63,995,567, or 11.5 per cent, over fiscal 1965 consolidated sales of $556,267,082.

Dividends

Dividends on Heinz common shares were paid during fiscal 1966 at the rate of 30 cents each per quarter, a total of $1.20 per share. This is an increase of 20 cents per share over the total paid during fiscal 1965. Common dividends totaled $6,607,108 in fiscal 1966, up $1,305,346 from fiscal 1965.

Preferred shareholders received a total of $1,361,980 during fiscal 1966.

In addition, prior to its acquisition in October, 1965, Ore-Ida paid dividends to its shareholders as follows: in the fiscal year ended April 28, 1965, in stock $623,467 and in cash $147,639; and in the period April 29, 1965 through October 31, 1965, in cash $454,526.

Working Capital

Working capital at April 27, 1966 amounted to $144,000,393, a decrease of $789,649 during fiscal 1966. The more significant items contributing to this result are set forth in the "Summary of Changes in Working Capital" on page 21.

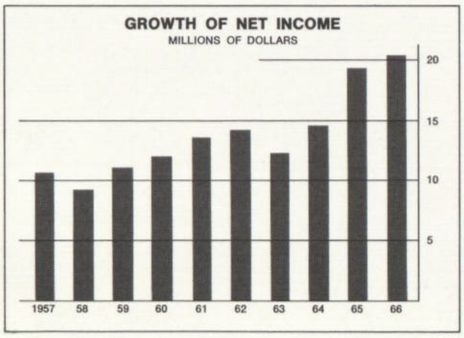
Plant and Equipment

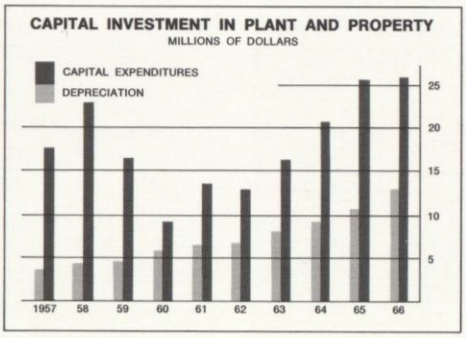
Additions to plant and equipment during the fiscal year amounted to $25,548,937, substantially the same as the $25,461,198 expenditures during fiscal 1965.

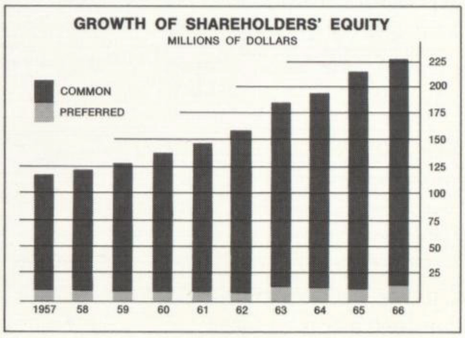
Depreciation charges, estimated to be sufficient to amortize the cost of properties over their useful lives, were $12,946,828 in fiscal 1966. This is an increase of $2,426,002 over fiscal 1965.

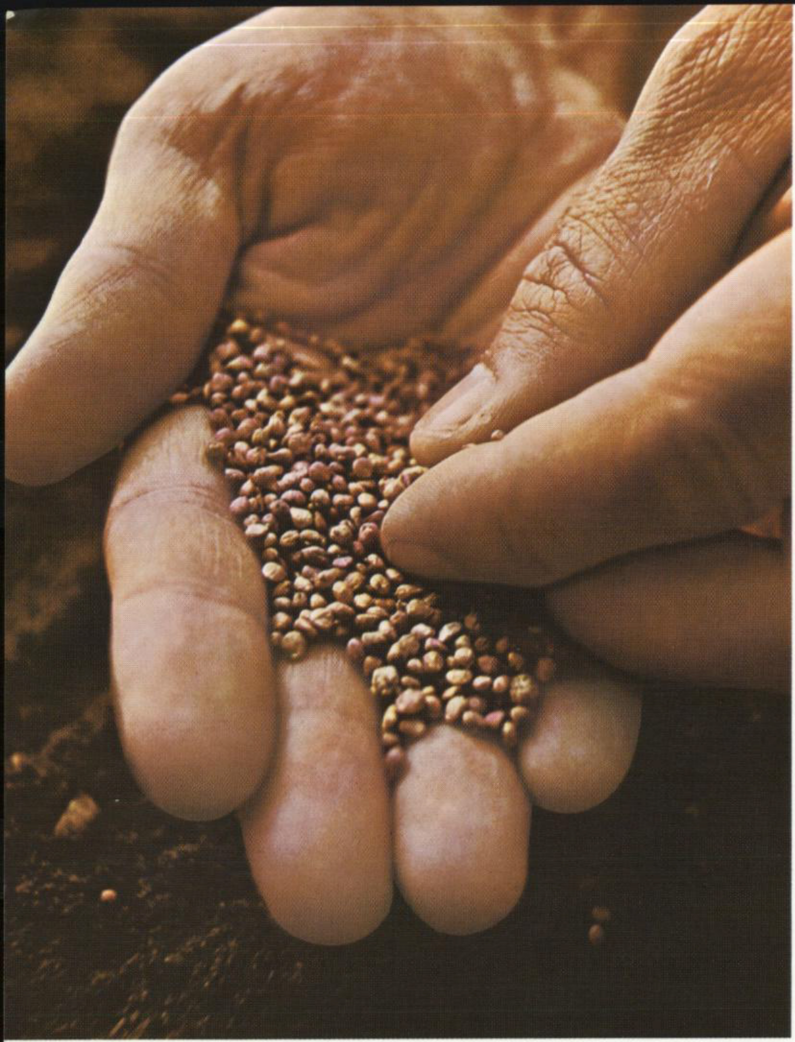
Shareholders' Equity

Heinz' financial position continues strong, as is reflected in the balance sheet. The shareholders' equity increased $10,891,993 during fiscal 1966 to $227,332,591 at April 27, 1966. The book value of each share of common stock was $37.80 at April 27, 1966, as compared with $35.69 a year earlier, each computation being based on the common shares outstanding at the conclusion of each fiscal period – 5,698,869 at April 27, 1966 and 5,692,110 at April 28, 1965 including the common shares issued in October, 1965 on acquisition of Ore-Ida.

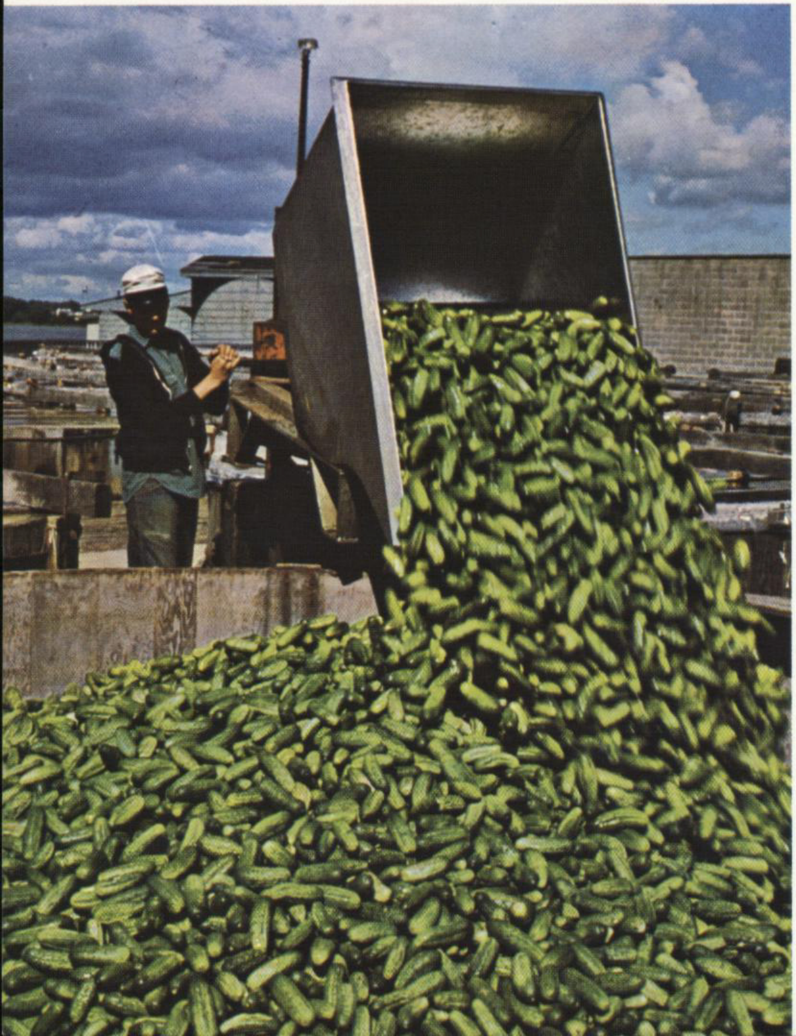








Heinz products begin with superior seed. The result is vegetables of uniform size and quality, making for easier processing and packing.



World Report

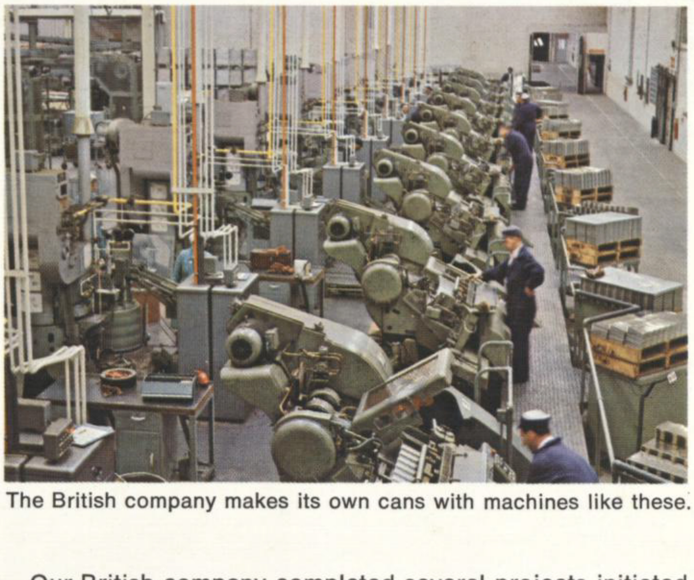
Capital Expenditures

The company spent $25,548,937 during the year to expand and modernize its plant and equipment. A large portion of this outlay was for replacement of existing facilities. The remainder was spent for expansion of processing, packaging and storage facilities.

Heinz-U.S. expanded its tomato processing facilities at Fremont, Ohio, Muscatine, Iowa, Tracy, California, and Chambersburg, Pennsylvania, in order to accommodate the increased demand for tomato products.

The Canadian company installed four filling lines with attendant equipment to pack baby food in glass jars at the Leamington, Ontario factory. A continuous pasteurizer for baby foods packed in glass was installed to protect the color and quality of fruit varieties. Construction of a new warehouse added 103,000 square feet of storage space, bringing total storage capacity in Leamington to 1,350,000 square feet, sufficient for 100,000 tons of finished goods. Substantial outlays were made for expansion of storage facilities for tomato paste and for installation of tomato juice filling and packaging machines.

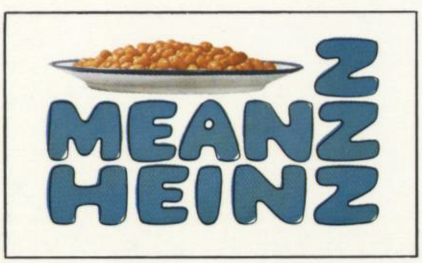
Alimentos Heinz in Venezuela completed a new factory warehouse, increasing the original storage space by 50 per cent. In addition, the company installed a 500-can-per-minute high-speed juice processing, filling and packing line.



The British company makes its own cans with machines like these.

Our British company completed several projects initiated during fiscal 1965. At Harlesden factory, the bean processing and filling operations were integrated in one building, with modern equipment to accelerate production. At the same location, a new finished goods warehouse of 220,000 square feet was completed, and a new can production building,

World Report



An Australian store (left); award-winning British bean poster (right).

Recipes are kitchen-tested by Heinz home economists in Pittsburgh.

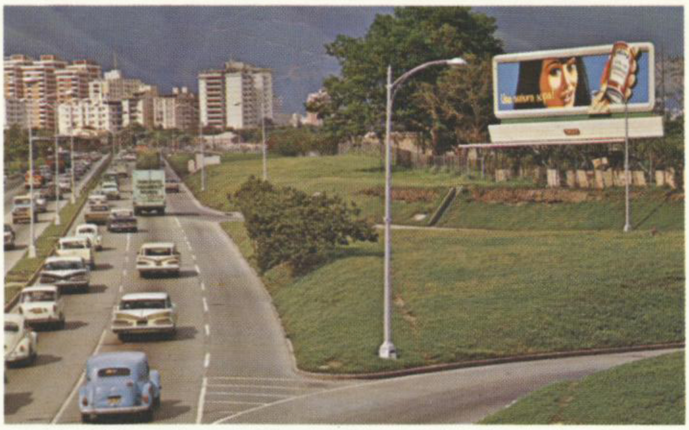
housing five new can-making lines, went into full operation. At Kitt Green factory, a second glass-filling baby food line was installed.

H. J. Heinz Company Australia Ltd. completed installation of a baby food line to produce a range of strained and junior glass-packed baby foods.

Star-Kist Foods, Inc. continued the expansion of its Samoan tuna packing plant. When completed, the expansion will more than double the former capacity of the plant and will provide additional and improved facilities for the handling of the increased fishing fleet serving this location.

The new potato processing plant built by Ore-Ida Foods at Greenville, Michigan went into production at the time of the 1965 potato harvest. The Greenville plant has cold storage capacity for 23 million pounds of frozen product and total plant floor space of 180,000 square feet. Storage cellars located at the plant and on Ore-Ida's company-owned farmlands have a capacity for 200 million pounds of raw potatoes. The Greenville plant gives Ore-Ida access to the important Eastern and Midwestern markets.

In conformity with President Johnson's request for cutbacks in plant and equipment expenditures, the company and its domestic affiliates reviewed their capital programs with an eye to deferment of all projects not necessary to meet budgeted goals.



A Heinz billboard greets Venezuelan motorists in modern Caracas.

Marketing

Heinz marketing efforts in fiscal 1966 expedited the introduction of new lines, expansion of distribution for previously test-marketed lines, and improvement of sales for established lines. As in the past, the company made effective use of modern marketing techniques to cope with the dynamic and ever-changing conditions that characterize the food industry. The process of media selection came under careful and continuing scrutiny to ensure maximum sales effectiveness for every dollar expended. Advertising and sales promotion were marked by effective use of television, aggressive sales activities and strong promotional support.

In the United States, the Happy Soup line for children was expanded out of test markets into the northeastern section of the country. Great American Soups, a premium ready-to-serve line, met encouraging consumer acceptance in test markets. California Tomato Soup moved into national distribution and two new varieties – Chicken with Stars and Tomato Vegetable – were successfully introduced on a broad scale.

A national marketing strategy established near the close of fiscal 1965 improved sales and market share for Heinz baby foods. As a result, the line stabilized and improved its position as a profitable member of the Heinz product line.

In spite of strong advertising and promotional activities by competitors, retail shipments and market share for Heinz ketchup rose to new highs. The new 26-ounce Ketchup Lover's size, expanded nationally in the fall of 1965, made the greatest impact in the total ketchup field since Heinz introduced its 20-ounce Family Size bottle in 1957. Little Ketchups, individual portion packs for picnic and barbecue use, went into broadened retail distribution. Notably, the redesigned 12-ounce wide-mouth ketchup bottle has won sufficient consumer patronage in consumer test markets to be readied for national distribution.

National introduction of beans in the larger 21- and 28-ounce cans was completed during the past winter, and has contributed importantly to the current success of the full bean line.

During the year, the company also introduced garlic-flavored vinegar and Diet-Blennd, a lemon fruit drink.

All of the company's major institutional product lines recorded new highs in volume during fiscal 1966, a fact reflected in a 50 per cent growth in sales to the institutional food industry over the past two years. Restaurant Pack Soups, a line of 24 condensed varieties especially prepared for volume-feeding kitchens, achieved nationwide distribution. The year saw the introduction of Menu-Aid freeze-dry entrees and sauces for institutional use, including such items as chicken a la king, chicken tetrazzini and meat loaf.

Above: before processing, tomatoes must be washed and inspected. Below: part of the huge pack that sent Heinz ketchup sales to new highs.

The *Connie Jean,* one of Star-Kist's sleek new, fast-moving clippers.

Marketing operations of affiliated companies were highlighted by the introduction of a number of new products.

In the United Kingdom, H. J. Heinz Company, Ltd. introduced a new theme for its baked beans products, using the award-winning slogan "Beanz Meanz Heinz." Featured in outdoor posters, television and other media, the campaign captured the British imagination and helped to improve the company's already substantial position as number one in market share for baked beans.

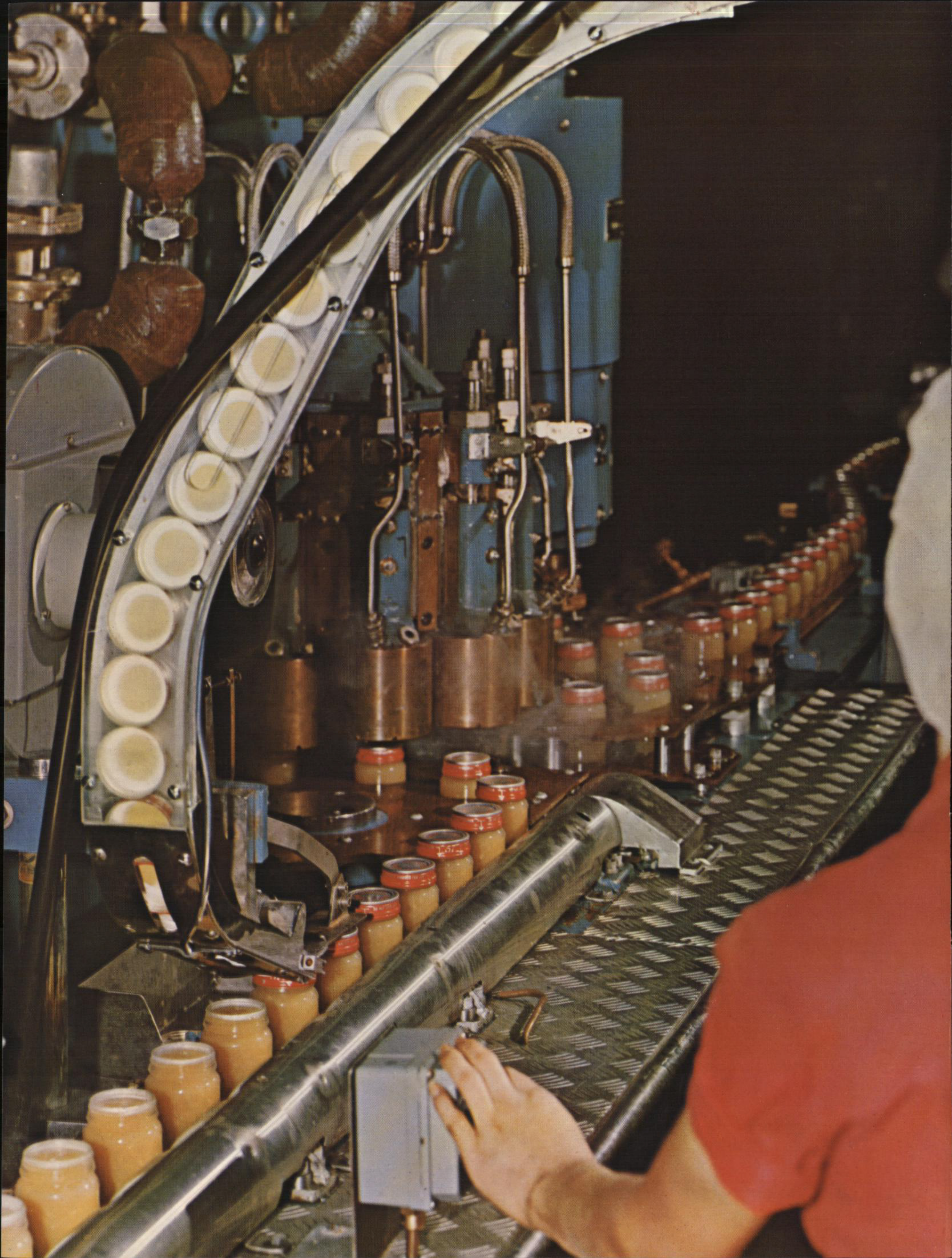
The British company expanded its baby line with the introduction of five new strained foods and 18 junior foods. It also test-marketed spaghetti with meat balls, ravioli, and a new ready-to-serve Spring vegetable soup. Two other ready-to-serve soups, pea and ham, and Scottish vegetable with lentils, were extended into all markets. For the institutional trade, the company introduced instant coffee in 1½-pound cans and baked beans in 100-ounce cans.

The Canadian company listed 15 new varieties and sizes in fiscal 1966. Of these, the most important were the new 15- and 20-ounce sizes of Italian-style spaghetti and meatballs with tomato sauce, which were supported by a strong advertising effort and followed up by in-store promotions.

The Australian company test-marketed 29 new varieties and sizes of strained and junior baby foods. It introduced a six-variety line of gourmet soups; Happy-Ade, a presweet-

Gleaming tuna are lifted from ice storage lockers at Terminal Island.

White-uniformed workers clean tuna in a Star-Kist processing plant.



ened drink mix in four flavors; and canned potato salad with chicken.

Plasmon, our Italian affiliate, developed new packages for baby foods, rusks and pasta.

Star-Kist Foods, Inc. directed its principal advertising and promotional efforts at young families with children, which make up 61 per cent of all U.S. households and account for 80 per cent of tuna sales. The company test-marketed a new tuna sandwich spread in nine-ounce glass jars.

Ore-Ida Foods, Inc. introduced Potatoes O'Brien, a frozen mix consisting of Southern-style hash browns, chopped onions and chopped red and green peppers.

Hachmeister introduced five new products to the commercial baking industry: Hako 512, a full-fat emulsifier made with high distilled monoglycerides; Hako Nu-Do, a dough conditioner and emulsifier combination; Lube-Rite, a bread pan oil; Batter Queen, a cake emulsifier; and Chef O'Gold, a graham-chocolate-vanilla pie-filling combination packaged in four-ounce polyethylene bags.

The Venezuelan company produced 23 new sizes and varieties, including a line of strained foods using guayaba, pineapple, papaya and other products of Venezuelan agriculture.

Opposite: high-speed capping of baby food jars in Australia.

The Mexican company moved to consolidate profitable brand lines and eliminate uneconomical lines. The company had an 80 per cent increase in the amount of strawberries processed for export to the United States and Canadian markets, and other export sales rose significantly during the year.

The Dutch company, which represented our first entry into continental Europe and the growing Common Market, scored modest gains in sales to West Germany and considerable gains in Belgian sales. A new range of salads is expected to be ready for market in fiscal 1967.

Nichiro Heinz Company Ltd., with headquarters in Tokyo, has successfully introduced spaghetti sauce and has made good progress in establishing Heinz baby foods in the Japanese market.

Industrias de Alimentaceo, Limitada increased its domestic and export sales, largely in consequence of the worldwide demand for Portuguese tomato paste.

Agriculture

The Heinz agricultural research program in fiscal 1966 continued to concentrate on improvements from seed to harvest. The effort was spurred by two significant developments: an increasingly serious shortage of field labor; and the booming world demand for tomato products, which far outstripped

World Report

We harvested 85 per cent of our California tomato crop by machine.

domestic supply capability in spite of the fact that last year's pack was the largest in our history.

Heinz' response took several forms.

The company harvested 85 per cent of its California tomato crop by machine, roughly three times the industry average. In the season ahead, that rate will be raised to 100 per cent, and the first commercial tests of mechanical picking in the Midwest and Canada will take place. Work continues on extensive breeding tests for strains that will produce better yields and lend themselves more readily to machine harvesting. Presently being studied is a system for field processing of tomatoes, which could improve processing efficiencies and the retention of flavor.

Although Heinz leads the rest of the industry in research on mechanical harvesting of cucumbers, the program is still considered to be in the developmental stage. Paralleling this program is one for the perfection of high-yield cucumber strains, including dwarf varieties, that will eliminate or reduce the need for hand picking.

The company expanded its cucumber contract acreage in Ohio, Mississippi, North Carolina and Texas.

Ore-Ida pioneered a large crop of Idaho Russet potatoes in its first Michigan growing season, adapting an irrigation technique successfully employed in Idaho and Oregon. The company has also applied a new technique for removing stones before they enter the potato harvesting machine.

Other programs being conducted by Ore-Ida involve trial growing areas of sweet corn, tomatoes and cucumbers. Potato experimentation, now in advanced research stages, promises several new varieties, most of them featuring high solid content. The plants are hardier, require less attention, and have inherent pest resistance.

Construction of new laboratory and greenhouse facilities for our worldwide agricultural research center at Bowling Green, Ohio is proceeding satisfactorily and is scheduled for completion by the middle of fiscal 1967. During the past year, the center developed five new tomato varieties, first tested in Europe, which offer improved flavor, increased

disease resistance, earlier maturity and higher production. In fiscal 1966, after years of breeding activity, the center produced a superior bacterial-wilt-resistant cucumber.

The English company's agricultural research program includes activities in Portugal, Spain, Tunisia, Greece, Turkey and South Africa.

Our Portuguese affiliate directly cultivates land for more than one-third of its tomato requirements and operates nurseries producing 40 million seedlings. It is expanding its experimental agricultural station, regarded as one of the leading such installations in Europe.

The Mexican company made significant improvements in agricultural operations by instituting new planting and harvesting techniques. Yield-per-acre of green peas tripled in a one-year period. The company is experimenting with various varieties of tomatoes, peas, onions and other vegetables to determine which strains flourish best in the Mexican climate.

The Venezuelan company helped farmers to increase tomato yields through the use of higher quality seedlings, mechanical seeding and improvements in growing practice. The company also conducted an ambitious program including carrot field plantings to show growers the yield and quality improvements made possible by improved seeding and irrigation. It is growing peas and asparagus in four different locations and elevations to determine the potential of these crops in Venezuela, and is conducting tests on United States warm-climate apple and peach trees. A current research program seeks to determine whether satisfactory cucumber crops can be grown in Venezuela.

Research and Quality Control

Research and quality control activities of our company's worldwide operations are focused in the Heinz Research Center in Pittsburgh. In addition, affiliated companies conduct research activities appropriate to their particular product lines and market conditions.

Heinz research embraces all the elements that make up food processing, from the seeds used in agriculture to the words that appear on package labels.

At the Pittsburgh center, skilled scientists establish and supervise quality standards for every step in the manufacture of every Heinz product—selection of ingredients, choice of the most appropriate processes for specific products, determination of filling and packaging procedures, and the organoleptic assessment of color, taste, odor, texture and appearance.

The center directs research operations connected with the perfection of new seeds and plant strains, improvements in growing practice, and development of new products.

Ore-Ida Foods, Inc., our newest affiliate, sends men into the field (left) to check on corn to be frozen and sold in cut or on-the-cob form (right).

Mechanical diggers harvest potatoes (left); workers remove specks (right); french fries emerge crisp and golden, ready to freeze (below).

Some of the results of these operations are described elsewhere in this report, in the sections titled Agriculture and Marketing.

Another important area of activity lies in the design and engineering of streamlined processes to effect cost reductions in manufacturing. This activity is facilitated by the availability of a pilot shop that closely simulates factory conditions.

Among developments coming out of the Heinz Research Center in fiscal 1966 were the following:

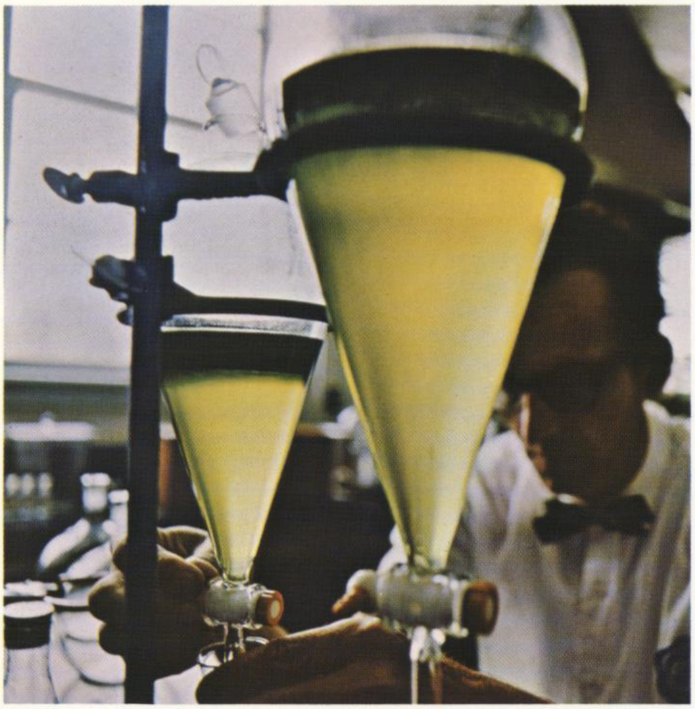
– A new technique for recapturing essences, reducing the loss of volatile flavor components in processing. The technique, now being applied to ketchup and other products, preserves more of the flavor of the original ingredients.

– An advanced procedure to control the percentage of fats in strained meats. Now used in production lines, the procedure employs a centrifuge to remove fats, which are later restored in strictly regulated amounts.

– Aseptic packing of apple, tomato and other acid products in 55-gallon drums. This method of packing a cooled, sterilized product in a pasteurized container was made possible by the joint efforts of Heinz engineering research and bacteriologist teams.

– Use of lightweight containers for packing of Worcestershire Sauce, 57 Sauce, and pints and quarts of vinegar.


Ore-Ida freezes potatoes in many forms, such as these "Tater-Tots."


Heinz research sets standards for every aspect of food processing.

Packaging of vinegar in gallon and half-gallon plastic containers is at the test-market stage.

Among our domestic affiliates, Ore-Ida has modified the basic process for preparing frozen french fries, with resultant improvement in quality.

Star-Kist completed formulation of a new tuna sandwich spread and developed and put into operation equipment for its production. The company began formulation and production of meatball-type cat foods and accelerated its research activities in the total pet food area, aiming for both higher quality and increased yields.

Fiscal 1966 marked the first full year of operation for the British company's new Hayes Park Administration and Research Center, which greatly expanded Heinz' international capabilities in food research. Together with the Pittsburgh center, Hayes Park reinforces Heinz' position as a leader in devotion to objective evaluation, sanitary practice, preservation of nutritional values, and informative package labeling.

The British company successfully developed a pilot-scale plant for continuous freeze drying.

The Australian company and the agricultural research center at Bowling Green, Ohio continued work on an important co-operative program. This program takes advantage of the fact that the seasons of the year are reversed between the United States and Australia, permitting researchers at

one location to transmit field results of new strains and agricultural practices to researchers at the other location in time for the coming growing season and in effect doubling the speed at which these results can be assessed and verified.

Other affiliated companies are engaged in similar co-operative projects, significantly broadening the scope of Heinz knowledge by utilizing various skills over a wide range of climates, soils and growing conditions.

Executive Changes

R. Burt Gookin was elected president, chief executive officer and chairman of the executive committee. He was executive vice president–United States for two years, having been elected to that position after serving as vice president-finance and as a director and member of the executive committee since 1959.

Frank Armour, Jr., former president, was elected vice chairman of the board of directors. He remains as a member of the executive and finance committees. He will continue the administration of our acquisition program and the further development of our domestic affiliates. He had served as president since 1959.

Succeeding Mr. Gookin as executive vice president–United States is Norman E. Daniels, who also was elected to the board of directors. Mr. Daniels had served as vice president-purchases and senior vice president-administration.

W. Barry Thomas was elected vice president–administration and appointed to the United States management board. He had been general manager–purchasing.

Paul D. Townsend, vice president of marketing, and Chester C. Beymer, assistant controller, were also appointed to the United States management board.

F. Nephi Grigg, president of Ore-Ida Foods, Inc., was elected to the Heinz board of directors. Mr. Grigg is a founder of Ore-Ida.

Posters like this one keep the Heinz name before the British public.

H. J. Heinz Company and Consolidated Subsidiaries

Summary of Changes in Working Capital

	Fiscal year ended April 27, 1966	Fiscal year ended April 28, 1965
Additions:		
Net income	$ 20,303,895	$ 19,219,419
Depreciation	12,946,828	10,520,826
Other charges to operations not requiring working capital	4,561,738	3,146,667
Total from operations	37,812,461	32,886,912
Long-term borrowings	—	6,576,023
Other items, net	—	3,378,862
	37,812,461	42,841,797
Deductions:		
Additions to plant and equipment	25,548,937	25,461,198
Less Retirements and disposals	2,698,704	1,551,568
	22,850,233	23,909,630
Plant and equipment of businesses acquired	—	5,950,679
	22,850,233	29,860,309
Amortization of long-term debt	4,659,857	3,434,017
Dividends paid	8,423,614	6,678,421
Other items, net	2,668,406	—
	38,602,110	39,972,747
Working capital (decrease) increase	$ (789,649)	$ 2,869,050

See accompanying notes to financial statements.

Opposite: experienced chefs form an important part of the Heinz processing team.

H. J. Heinz Company and Consolidated Subsidiaries

Consolidated Balance Sheets

Assets

	April 27, 1966	April 28, 1965
Current assets:		
Cash and short-term investments	$ 21,478,131	$ 22,590,457
Marketable securities	–	500,000
Accounts and notes receivable:		
Trade, less allowance for doubtful accounts	47,158,671	38,572,105
Sundry	5,001,536	2,992,930
	52,160,207	41,565,035
Inventories – at cost or market, whichever lower:		
Finished goods	125,336,671	112,322,531
Work in process	9,514,451	8,038,782
Ingredient and packaging materials	45,551,398	40,848,757
	180,402,520	161,210,070
Prepaid insurance, supplies, taxes and sundry	6,311,573	5,883,367
Total current assets	260,352,431	231,748,929
Investments and other assets:		
Investments in and advances to unconsolidated subsidiaries and partnerships (at approximate equity)	1,566,898	2,550,504
Other investments, advances and loans, less allowance for losses	4,715,861	3,204,684
Excess of investments in consolidated subsidiaries over net assets at acquisition	4,726,250	4,726,250
Miscellaneous other assets	3,013,304	3,030,684
	14,022,313	13,512,122
Fixed assets – at cost:		
Land	9,928,794	9,884,922
Buildings and leasehold improvements, less accumulated depreciation of $26,112,132 ($23,729,607 in 1965)	79,944,596	78,029,884
Equipment, boats and fixtures, less accumulated depreciation of $76,866,888 ($68,680,520 in 1965)	90,512,987	83,653,819
Lug boxes, baskets and pallets, less amortization	1,351,294	1,070,163
	181,737,671	172,638,788
	$ 456,112,415	$ 417,899,839

See accompanying notes to financial statements.

Liabilities, Capital Stock and Surplus

	April 27, 1966	April 28, 1965
Current liabilities:		
Notes payable and loans on open credit (including portion of long-term debt due within one year)	$ 45,256,543	$ 23,013,102
Accounts payable and accrued expenses	59,634,234	52,293,324
Estimated liability for Federal and foreign income taxes	11,461,261	11,652,461
Total current liabilities	116,352,038	86,958,887
Long-term debt and other liabilities:		
Long-term debt (Note 2)	70,534,414	75,194,271
Liabilities under management profit-sharing plan, less portion payable within one year	14,212,846	13,027,280
Future Federal and foreign taxes on income	10,828,005	9,608,299
Sundry	886,767	765,914
	96,462,032	98,595,764
Reserve for possible foreign exchange losses	645,209	829,179
Minority interests	15,320,545	15,075,411
Capital stock and surplus:		
Cumulative preferred stock – authorized 147,372 shares – par value $100 per share – issuable in series:		
3.65% series – authorized 47,372 shares – issued and outstanding 47,372 shares (61,002 shares in 1965) (Note 3)	4,737,200	6,100,200
Second cumulative preferred stock – authorized 399,892 shares – par value $18.50 per share – issuable in series:		
$3.50 first series – authorized 286,183 shares – outstanding 286,084 shares (286,092 shares in 1965) (Note 3)	5,292,554	5,292,702
$3.50 second series – authorized 111,954 shares – issued and outstanding 103,012 (Notes 1, 3 and 4)	1,905,722	1,905,722
Common stock – authorized 8,500,000 shares – par value $8.33⅓ per share – outstanding 5,698,869 shares (5,692,110 shares in 1965) (Notes 1 and 4)	47,490,575	47,434,250
Capital surplus	8,889,997	8,571,462
Earned surplus (Note 2)	159,016,543	147,136,262
	227,332,591	216,440,598
	$ 456,112,415	$ 417,899,839

H. J. Heinz Company and Consolidated Subsidiaries

Statements of Consolidated Income

	Fiscal year ended April 27, 1966 (52 weeks)	Fiscal year ended April 28, 1965 (52 weeks)
Net sales	$ 620,262,649	$ 556,267,082
Cost of products sold	412,955,513	363,193,272
Gross profit	207,307,136	193,073,810
Selling, general and administrative expenses, including management profit-sharing plan of $3,125,872 ($2,618,166 in 1965)	168,202,042	154,269,465
Operating profit, after provision for depreciation of $12,946,828 ($10,520,826 in 1965)	39,105,094	38,804,345
Other income, net	2,165,921	959,373
	41,271,015	39,763,718
Other deductions – interest and amortization of debt discount and expense	5,878,306	5,052,294
	35,392,709	34,711,424
Provision for Federal and foreign taxes on income	13,998,175	14,370,104
	21,394,534	20,341,320
Deduct Income applicable to minority interests	1,090,639	1,121,901
Net income for the year	$ 20,303,895	$ 19,219,419

See accompanying notes to financial statements.

H. J. Heinz Company and Consolidated Subsidiaries

Statements of Consolidated Surplus

	Fiscal year ended April 27, 1966	Fiscal year ended April 28, 1965
Capital Surplus		
Amount at beginning of year	$ 8,571,462	$ 4,765,664
Excess of par value of stock issued over stated value of stock of "pooled" subsidiary received in exchange therefor, less costs incident to acquisition of "pooled" subsidiaries (Note 1)	–	2,965,999
Amount at beginning of year, as adjusted	8,571,462	7,731,663
Excess of par value over cost of cumulative preferred stock retired	137,840	24,583
Excess of option price over par value of 6,742 shares (28,352 shares in 1965) of common stock issued under employees' incentive stock option plan (Note 4)	137,275	787,719
Excess of redemption value over cost of preference stock retired (British subsidiary)	43,420	27,497
Amount at end of year	8,889,997	8,571,462
Earned Surplus		
Amount at beginning of year	147,136,262	133,247,885
Earned surplus of "pooled" subsidiary (Note 1)	–	1,970,846
Amount at beginning of year, as adjusted	147,136,262	135,218,731
Add Net income for the year	20,303,895	19,219,419
	167,440,157	154,438,150
Deduct Dividends paid:		
On preferred stock:		
3.65% series	210,770	227,245
$3.50 series	1,151,210	1,001,775
	1,361,980	1,229,020
On common stock – $1.20 per share ($1.00 per share in 1965)	6,607,108	5,301,762
	7,969,088	6,530,782
By "pooled" subsidiary to former shareholders (Note 1):		
Stock	–	623,467
Cash	454,526	147,639
	454,526	771,106
	8,423,614	7,301,888
Amount at end of year	$ 159,016,543	$ 147,136,262

See accompanying notes to financial statements.

H. J. Heinz Company and Consolidated Subsidiaries

Notes to Financial Statements

April 27, 1966

(1) Principles of consolidation:

The consolidated financial statements include the accounts of the Company and all significant domestic and foreign subsidiaries, including in both the current and prior year the accounts of Ore-Ida Foods, Inc., which was acquired on October 31, 1965, in exchange for 377,745 shares of common stock and 103,012 shares of $3.50 second cumulative preferred stock, second series, in a pooling of interests transaction. Consolidated net assets were in companies located as follows:

	Apr. 27, 1966	Apr. 28, 1965
Western Hemisphere:		
United States and its possessions	$100,572,756	$ 93,279,318
Other	35,603,374	41,462,208
	136,176,130	134,741,526
Eastern Hemisphere:		
British Commonwealth	75,355,474	67,825,589
Other	15,800,987	13,873,483
	91,156,461	81,699,072
	$227,332,591	$216,440,598

Except for property, plant, equipment and long-term debt, assets and liabilities of the foreign subsidiaries have been converted at appropriate exchange rates prevailing at the end of the fiscal year. Foreign property, plant, equipment and long-term debt have been converted on the basis of exchange rates prevailing at the time of acquisition. The realization in U.S. dollars of assets located outside the United States is limited in certain instances by currency and other restrictions. No provision has been made for U.S. income taxes which may become payable when earnings of foreign subsidiaries are remitted as dividends since, in the case of those subsidiaries where it is contemplated that earnings will be remitted, the credit for foreign taxes on income already paid generally offsets applicable U.S. income taxes. Operating accounts (other than depreciation which was based upon the approximate equivalent dollar cost of fixed assets) were converted at average rates of exchange prevailing during the fiscal year. The net unrealized loss on foreign exchange has been charged to the reserve for possible foreign exchange losses. Of the consolidated net income for the year, $13,289,751 originated from subsidiaries located outside the United States and its possessions and the income of the Company from dividends from such subsidiaries during the year amounted to $4,843,866.

(2) Long-term debt:

Details of long-term debt at April 27, 1966 are as follows:

	Interest per cent	Maturity (fiscal year)	Portion due Non-current	Portion due Current
Company:				
Promissory notes.....	2.90	1967-69	$ 3,540,000	$1,110,000
Promissory notes.....	4½	1970-74	17,000,000	—
Promissory notes.....	4⅞	1967-84	17,000,000	1,000,000
Subsidiaries:				
Promissory notes:				
(Australia)	4¼	1967-76	7,006,591	218,651
(Canada)	4½	1970-74	3,000,000	—
(Mexico)	4½	1967-72	2,880,000	320,400
(Mexico)	6	1969-76	4,000,000	—
(Venezuela)	9	1967-72	1,640,525	183,700
Debentures (England).	6	1967-84	5,302,880	86,309
Debentures (England).	5½	1967-85	5,444,788	19,837
Installment note (domestic)	4 to 5	1967-69	1,031,250	687,500
Mortgages and contracts (domestic)...	5½ to 6½	1967-86	6,529,093	735,077
Sundry foreign obligations	2 to 7	1967-69	159,287	156,635
			74,534,414	4,518,109
Less — Certificate of Deposit (5¾%) representing equivalent cash deposited by a subsidiary as security against the 6% promissory note (Mexico)...			4,000,000	—
			$70,534,414	$4,518,109

Under note agreements, dated April 1, 1959, providing for the issue of $20,000,000 of 4⅞% 25-year notes due April 1, 1984, fixed annual prepayments of principal of $1,000,000 are required. Additional prepayments may be made at the option of the Company at specified premium rates or, under specified conditions, at no premium. In addition to restrictions relating to additional indebtedness, mortgages and liens, purchase and redemption of capital stock and other re-

Accountants' Report

To the Shareholders, H. J. Heinz Company:

We have examined the consolidated balance sheet of H. J. Heinz Company and consolidated subsidiaries as of April 27, 1966 and the related statements of income and surplus for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements of certain subsidiaries, which are included in the consolidated statements, were examined by other independent public accountants whose reports have been furnished to us. Net assets and net sales of such subsidiaries constitute approximately 34% and 31%, respectively, of the related consolidated figures.

In our opinion, based on our examination and the aforementioned reports of other independent public accountants, the accompanying consolidated balance sheet and statements of consolidated income and surplus present fairly the financial position of H. J. Heinz Company and consolidated subsidiaries at April 27, 1966 and the results of their operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also, in our opinion, the accompanying summary of changes in working capital presents fairly the information shown therein.

Peat, Marwick, Mitchell & Co.

Pittsburgh, Pa.
June 22, 1966

strictions, the note agreements contain provisions against the payment of dividends by the Company upon its common stock (otherwise than in its own capital stock) if such dividends, together with purchases, payments to the sinking fund and dividends in respect to presently authorized cumulative preferred stock and amounts expended by the Company or any subsidiary for purchase or other acquisitions of any class of the Company's stock, since October 29, 1958 would exceed consolidated net income after October 29, 1958 plus the sum of $7,500,000 and, further, if the sum of consolidated funded debt and consolidated discounted lease rentals would exceed fifty per cent of consolidated capital and surplus after giving effect to such dividend payments. The portion of consolidated earned surplus as of April 27, 1966 which was not thereby restricted was $68,974,939.

Under a loan agreement, dated August 1, 1963, the Company executed 4½% promissory notes payable in annual installments of varying amounts on September 1 of each year during the five-year period ending in 1973. Prepayments may be made under specified conditions without premium. The provisions of the loan agreement impose substantially the same restrictions as those pertaining to the 4⅞% 25-year notes.

The 2.90% notes, dated February 24, 1949, also contain various conditions which are less restrictive than those pertaining to the 4⅞% 25-year notes.

The 6% debentures, issued by the subsidiary located in England, contain provisions requiring annual sinking fund payments approximating $76,700 plus interest. Prepayment of the entire indebtedness, or a portion thereof, may be made on January 31, 1975 with a 3½% premium and at decreasing premium rates thereafter.

The 5½% debentures, issued by the subsidiary located in England, contain provisions requiring annual sinking fund payments approximating $80,600 plus interest. Prepayment of the entire indebtedness, or a portion thereof, may be made on January 31, 1976 with a 3½% premium and at decreasing premium rates thereafter.

(3) Capital stock:

The 3.65% series cumulative preferred stock is callable or redeemable through the sinking fund at $102.75 per share. A payment, not exceeding $200,000, is required to be made to the sinking fund on or before October 1 of each year.

The $3.50 second cumulative preferred stock, first series, is convertible into common stock at any time prior to June 1, 1973 at an initial conversion rate of 100/45 shares of common stock and may be redeemed by the Company from June 1, 1968 to and including May 31, 1969 at $102.50 per share and at decreasing prices thereafter. On or before August 1, 1973, and on or before each August 1 thereafter, so long as any shares of this series are outstanding, the Company (as and for an annual sinking fund) shall retire through redemption, purchase or otherwise, shares of this series equal to 2% of the total number of shares outstanding at the close of business on June 1, 1973. Cumulative arrearages as to such retirements are permissible in the event that consolidated net income, less certain deductions, is less than the amount necessary to pay in full all requirements to retire shares of all series of the second preferred stock.

The $3.50 second cumulative preferred stock, second series, is convertible into common stock at any time prior to February 1, 1976 at an initial conversion rate of two shares of common stock and may be redeemed by the Company from February 1, 1971 to and including January 31, 1972 at $102.50 per share and at decreasing prices thereafter. On or before April 1, 1976 and on or before each April 1 thereafter, so long as any shares of this series are outstanding, the Company (as and for an annual sinking fund) shall retire through redemption, purchase or otherwise, shares of this series equal to 2% of the total number of shares outstanding at the close of business on February 1, 1976. Cumulative arrearages as to such retirements are permissible to the same extent as that enumerated above regarding the $3.50 second cumulative preferred stock, first series.

At April 27, 1966, there were authorized, but unissued, 250,000 shares of third cumulative preferred stock of the par value of $100.00 per share.

(4) Employees' stock option plans and stock purchase warrant:

Under a Stock Option Plan, adopted in 1960, options for 125,600 shares of common stock were outstanding at April 27, 1966 and 21,500 additional shares were reserved for purposes of the plan and not subject to options at such date. Except for certain options granted prior to June 12, 1964, at which time the plan was amended to meet the requirements of a qualified stock option plan under the Revenue Act of 1964, options are granted at not less than the market price at dates of grant and, with certain exceptions, are exercisable at any time prior to the expiration date of the plan, March 11, 1970. During the fiscal year, options for 47,000 shares were granted, options for 3,500 shares expired, and options for 6,742 shares were exercised at prices varying from $27.31⅓ to $36.62½ per share. Shares subject to option at April 27, 1966 ranged in price from $27.31⅓ to $57.25 per share.

On September 10, 1965, the shareholders approved a new qualified Stock Option Plan under which options may be granted to purchase a maximum of 100,000 shares of common stock at prices not less than the market price at dates of grant. The options will be exercisable at any time within five years from the date of grant but no later than the expiration date of the plan, July 9, 1975. As of April 27, 1966, no options had been granted under the plan and 100,000 shares were reserved for purposes of such plan.

In connection with the acquisition of Ore-Ida Foods, Inc., the obligations of an outstanding stock purchase warrant were assumed by the Company. As of April 27, 1966, such warrant, based upon the exchange ratio applicable to the Ore-Ida shares, provides for the acquisition by the warrant holder of 32,773 shares of common stock and 8,937 shares of $3.50 second cumulative preferred stock, second series, of the Company at an aggregate purchase price of $1,260,905 and is exercisable until October 15, 1970.

(5) Retirement systems:

The amount charged to income by the Company and its consolidated subsidiaries for the year aggregated $2,940,000 with respect to past service and current service costs. During the latter part of the fiscal year, the Company amended its pension plan for salaried employees, and the Trustee of the pension assets disposed of certain investments of the plan. The appreciation in such investments, which was realized upon disposition, has been applied to completely fund the past service liability attributable to the salaried plan, as amended. At April 27, 1966, the unfunded past service costs applicable to other plans of the Company and its consolidated subsidiaries amounted to $1,600,000 and such costs are currently being funded over varying periods not exceeding twenty years.

(6) Other matters:

Certain claims filed against the Company and certain of its subsidiaries have not been finally adjudicated. In the opinion of management, such claims, when finally determined, will have no adverse effect on the consolidated financial statements.

H. J. Heinz Company and Consolidated Subsidiaries

Ten-Year Financial Summary

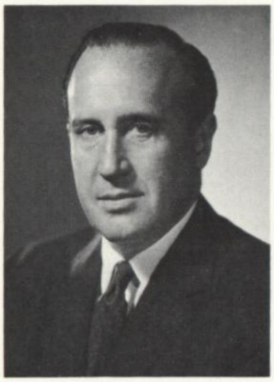
Fiscal Years	1966 (1)	1965 (1)	1964	1963
Net sales	$620,262,649	$556,267,082	$488,211,364	$464,215,226
Income before taxes	35,392,709	34,711,424	28,751,403	25,700,714
Provision for taxes on income	13,998,175	14,370,104	13,136,953	12,550,516
Net income:	20,303,895	19,219,419	14,548,838	12,364,429
As % of sales	3.3	3.5	3.0	2.7
Per share of common stock	3.29	3.10	2.53	2.31
As % of shareholders' equity	8.9	8.9	7.5	6.7
Dividends paid on preferred stock	1,361,980	1,229,020	1,157,480	237,491
Dividends paid on common stock	7,061,634(2)	6,072,868(3)	5,276,176	5,255,880
Per share of common stock	1.20	1.00	1.00	1.00
Net income retained in business	11,880,281	11,917,531	8,115,182	6,871,058
Per share of common stock	2.09	2.10	1.53	1.31
Current assets	260,352,431	231,748,929	210,389,728	196,398,764
Current liabilities	116,352,038	86,958,887	72,826,020	65,808,427
Current ratio	2.2	2.7	2.9	3.0
Working capital	144,000,393	144,790,042	137,563,708	130,590,337
Property, plant and equipment (net)	181,737,671	172,638,788	145,551,528	130,826,396
Depreciation provision	12,946,828	10,520,826	9,179,043	7,924,808
Accumulated depreciation	102,979,020	92,410,127	79,586,502	71,716,146
Additions to property, plant and equipment	25,548,937	25,461,198	20,508,617	16,134,932
Total assets	456,112,415	417,899,839	369,755,097	336,281,820
Shareholders' equity	227,332,591	216,440,598	193,687,215	184,875,803
Per share of common stock	37.80	35.69	34.44	32.92
Number of shareholders:				
Preferred	2,468	569	568	590
Common	10,658	8,156	6,983	6,406
Common shares outstanding	5,698,869	5,692,110	5,286,296	5,258,130

(1) 1965 and 1966 figures include, on pooling of interest basis, Ore-Ida Foods, Inc., acquired in October, 1965.
(2) Includes $454,526 paid to former owners of Ore-Ida Foods, Inc.
(3) Includes $623,467 stock and $147,639 cash paid to former owners of Ore-Ida Foods, Inc.

1962	1961	1960	1959	1958	1957
$375,810,168	$365,989,576	$340,223,700	$316,856,669	$293,811,817	$278,852,384
32,643,920	29,092,171	26,261,279	21,967,446	18,345,771	21,439,089
17,645,359	14,683,525	13,209,540	10,139,971	8,345,756	10,356,591
14,165,806	13,614,681	12,287,815	11,010,781	9,221,267	10,361,818
3.8	3.7	3.6	3.5	3.1	3.7
2.65	2.62	2.37	2.12	1.76	1.99
8.9	9.3	9.0	8.6	7.6	8.9
237,747	255,376	270,265	274,338	282,413	293,417
5,209,292	4,404,727	3,715,573	3,715,573	3,715,573	3,377,794
1.00	.86⅔	.73⅓	.73⅓	.73⅓	.66⅔
8,718,767	8,954,578	8,301,977	7,020,870	5,223,281	6,690,607
1.65	1.75⅓	1.63⅔	1.38⅔	1.02⅔	1.32⅓
164,522,552	158,894,699	150,229,632	132,087,694	126,474,153	125,810,492
44,809,303	44,887,915	44,701,708	46,366,393	52,785,029	41,869,712
3.7	3.5	3.4	2.8	2.4	3.0
119,713,249	114,006,784	105,527,924	85,721,301	73,689,124	83,940,780
118,124,207	111,727,306	106,137,572	104,629,492	94,222,513	76,418,918
6,573,823	6,275,722	5,810,097	4,608,328	4,335,838	3,735,349
61,845,652	56,045,151	51,342,264	46,546,919	42,954,353	39,560,256
12,849,938	13,524,175	8,296,246	16,236,413	22,982,467	17,476,115
285,090,713	272,224,427	257,157,640	237,707,872	221,464,648	203,243,640
158,996,200	145,789,279	136,258,966	128,162,403	121,141,533	116,257,419
29.04	27.27	25.46	23.81	22.43	21.38
515	528	547	558	545	567
6,401	5,881	4,827	4,812	4,516	3,661
5,251,130	5,098,580	5,066,691	5,066,691	5,066,691	5,066,691

H. J. Heinz Company

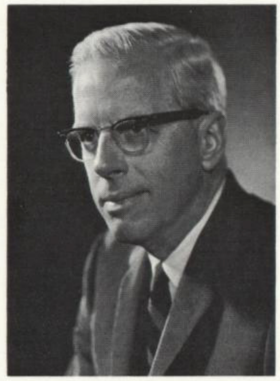
Board of Directors



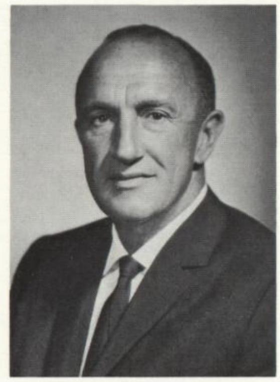
Henry J. Heinz II*
Chairman
Member since 1936

Frank Armour, Jr.*†
Vice Chairman
Member since 1947

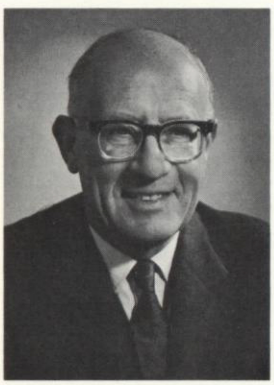
R. Burt Gookin*
President
and Chief Executive Officer
Member since 1959



Junius F. Allen*
Executive Vice President—
International
Member since 1953

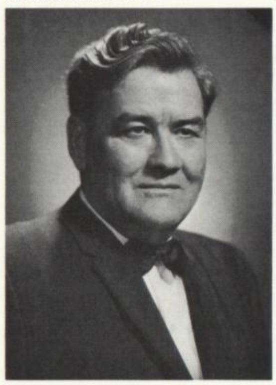


Joseph J. Bogdanovich
President, Star-Kist Foods, Inc.
Member since 1963



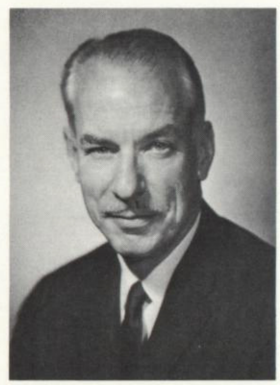
Frederick G. Crabb
Vice President—Europe, and
Vice Chairman, H. J. Heinz
Company Ltd.
Member since 1959

Norman E. Daniels
Executive Vice President—
United States
Member since 1966

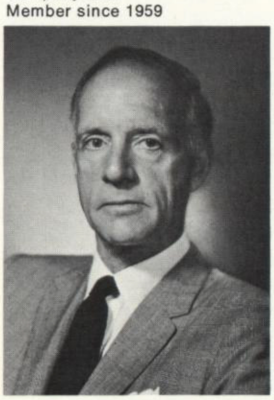


F. Nephi Grigg
President, Ore-Ida Foods, Inc.
Member since 1965

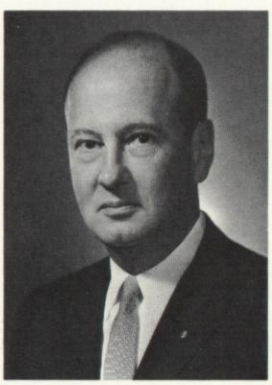
Vira I. Heinz
Civic Leader and Trustee,
Howard Heinz Endowment
Member since 1962



Ralph W. Hunter
Secretary
Member since 1965



Lewis A. Lapham †
Vice Chairman of the Board,
Bankers Trust Company
New York, New York
Member since 1957



John A. Mayer †
President, Mellon National
Bank and Trust Company
Pittsburgh, Pennsylvania
Member since 1959

William D. Mewhort*†
Executive Vice President—
Finance
Member since 1964

John T. Ryan, Jr.
Chairman of the Board,
Mine Safety Appliances Co.
Pittsburgh, Pennsylvania
Member since 1961

William P. Snyder III
President, The Shenango
Furnace Company
Pittsburgh, Pennsylvania
Member since 1961

*Member of the Executive Committee †Member of the Finance Committee

Corporate Officers

Henry J. Heinz II*
Chairman of the Board

R. Burt Gookin*
President and Chief Executive Officer

Frank Armour, Jr.*†
Vice Chairman of the Board

Junius F. Allen*
Executive Vice President—International

William D. Mewhort*†
Executive Vice President—Finance

Frederick G. Crabb
Vice President—Europe
and Vice Chairman, H. J. Heinz Company Ltd.

Ralph W. Hunter
Secretary

Gerald K. Warner
Vice President—Latin America

P. Kenneth Shoemaker
Senior Vice President

Frank M. Brettholle †
Senior Vice President and Controller

Eliot Farley, Jr.†
Treasurer

Registrars

Morgan Guaranty Trust Company of New York, New York
Pittsburgh National Bank, Pittsburgh, Pennsylvania

Transfer Agents

First National City Bank, New York, New York
Mellon National Bank and Trust Company, Pittsburgh, Pennsylvania

Dividend Disbursing Agent

Mellon National Bank and Trust Company, Pittsburgh, Pennsylvania

International Locations

Corporate Office
P.O. Box 57, Pittsburgh, Pennsylvania 15230

United States

H. J. Heinz Company
Headquarters: Pittsburgh, Pennsylvania
Norman E. Daniels, Executive Vice President
Factories:
- Pittsburgh, Pennsylvania
- Salem, New Jersey
- Medina, New York
- Chambersburg, Pennsylvania
- Winchester, Virginia
- Fremont, Ohio
- Bowling Green, Ohio
- Holland, Michigan
- Lakeview, Michigan
- Muscatine, Iowa
- Tracy, California
- Isleton, California
- Watsonville, California

Ore-Ida Foods, Inc.
Headquarters: Ontario, Oregon
F. Nephi Grigg, President
Factories:
- Ontario, Oregon
- Burley, Idaho
- Greenville, Michigan

Star-Kist Foods, Inc.
Headquarters: Terminal Island, California
Joseph J. Bogdanovich, President
Factories:
- Terminal Island, California
- Ilo, Peru
- Coishco, Peru
- Pago Pago, American Samoa
- Mayaguez, Puerto Rico

Cold Storage Stations:
- Senegal
- Ghana
- Liberia
- Republic of the Congo

Hachmeister
Headquarters: McKees Rocks, Pennsylvania
Harvey L. Dunker, President
Factory:
- McKees Rocks, Pennsylvania

Great Britain

H. J. Heinz Company, Ltd.
Headquarters: Hayes Park, Middlesex
Anthony Beresford, Managing Director
Factories:
- Harlesden
- Kitt Green
- Standish

Heinz International Sales, Ltd.
Headquarters: London, England
John U. Lamont, Managing Director

Canada

H. J. Heinz Company of Canada Ltd.
Headquarters: Leamington, Ontario
Edward V. Anderson, President
Factory:
- Leamington, Ontario

Australia

H. J. Heinz Company Australia Ltd.
Headquarters: Dandenong, Victoria
Fred V. Kellow, Managing Director
Factory:
- Dandenong, Victoria

Netherlands

H. J. Heinz N.V.
Headquarters: Elst, Gelderland
Arnold A. Reuvekamp, Managing Director
Factory:
- Elst, Gelderland

Belgium

H. J. Heinz Company (Belgium) N.V.
Headquarters: Brussels
Paul de Vreese, General Manager

Portugal

Industrias de Alimentaceo, Limitada
Headquarters: Vila Franca de Xira
Jorge Giralt, General Manager
Factories:
- Vila Franca de Xira
- Benavente

Venezuela

Alimentos Heinz C.A.
Headquarters: Valencia, Carabobo
George O. Myers, President
Factory:
- San Joaquin, Carabobo

Japan

Nichiro Heinz Company Ltd.
Headquarters: Tokyo
Albert F. Margus, President
Factory:
- Kurihama

Italy

Societa del Plasmon S.P.A.
Headquarters: Milan
Oscar A. Pio, Managing Director
Factory:
- Milan

Mexico

Heinz Alimentos S.A. de C.V.
Headquarters: Mexico City, Mexico
Gerald K. Warner, President
Herbert L. Wallace, Jr., General Manager
Factories:
- Villa R. Lara, Grajales, Puebla
- Salamanca, Guanajuato
- Los Robles, Veracruz
- Loma Bonita, Oaxaco
- Los Mochis, Sinaloa

Opposite: the handsome new Hayes Park Administration and Research Center in suburban London.

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